

Department of Children's Services

**Improper Authorization of Daycare Services by a
Clerk in the Memphis Region**

April 2000

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April 18, 2000

The Honorable Don Sundquist, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
The Honorable George Hattaway, Commissioner
Department of Children's Services
Cordell Hull Building, Seventh Floor
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is a special report on our review of the alleged improper authorization of daycare services by Ms. Evelyn Hester, then a Department of Children's Services Clerk 2 in Memphis, Tennessee. The review was conducted in collaboration with the Department of Children's Services, internal audit and internal affairs staff.

On April 30, 1999, Ms. Dottie Hagood, Department of Children's Services Assistant Commissioner, Fiscal Services, notified the Division of State Audit of allegations that Ms. Hester had improperly requested \$125 from a daycare operator in return for authorizing daycare placements. Children reported to the department as being abused or neglected may be assessed by a department caseworker as being eligible for daycare services. Ms. Hester's responsibilities with the department included processing daycare referral forms approved by a caseworker and supervisor and forwarding documentation to the regional brokerage organization to initiate the daycare services. In instances where the parent or guardian did not personally select a daycare center, Ms. Hester had the responsibility of selecting a daycare center from a list of licensed facilities.

On April 29, 1999, Mr. C. D. Holman, Department of Children's Services Director of Internal Affairs, interviewed Ms. Hester at the department's Memphis region office. In a signed written statement dated April 29, 1999, Ms. Hester admitted improperly requesting and obtaining \$125 from the daycare operator mentioned above. Ms. Hester also admitted

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requesting and accepting money from another daycare operator and parents/guardians of daycare recipients. She further admitted placing approximately 50 to 100 ineligible recipients in various daycare centers.

Ms. Hester was able to make these improper placements because she was given sole responsibility for handling the processing of daycare referrals for the region with little or no oversight. The failures in the internal control structure to prohibit and detect Ms. Hester's inappropriate activities are detailed in the report.

Division of State Audit staff reviewed case file information, computerized intake tracking system information, and computerized daycare tracking and payment system information relating to 40 daycare recipients specifically identified by Ms. Hester as being ineligible for daycare benefits and 38 daycare recipients questioned by two daycare operators.

We determined that 52 of the 78 recipients were ineligible for daycare services. Of these 52 recipients, 17 were ineligible because the department had no record (other than documentation created by Ms. Hester) of ever receiving a complaint of abuse or neglect regarding the children, of investigating a complaint of abuse or neglect regarding the children, or of authorizing the children for daycare services. Based on false documentation Ms. Hester prepared and submitted to the daycare brokerage organization (contracted by the state to facilitate payment for daycare services), the state paid \$38,052.30 for daycare services provided to these 17 ineligible recipients.

The remaining 35 recipients were ineligible because neither the department nor the brokerage organization had any record that the services had been authorized. For these 35 recipients, Ms. Hester personally provided the daycare center operators documentation listing the names of children who would be attending their daycare centers without submitting documentation to the brokerage organization to initiate payment for the services. The department had no record (other than documentation created and provided to the daycare centers by Ms. Hester) of ever receiving a complaint of abuse or neglect regarding the children, of investigating a complaint of abuse or neglect regarding the children, or of authorizing the children for daycare services.

Recipient approval and payment authorization is communicated to the daycare centers by a certificate that is sent to the centers by the brokerage organization. Since the brokerage organization never received documentation from the Department of Children's Services authorizing payment for these 35 recipients, no authorization certificates were sent to the centers. The daycare centers should not have accepted these 35 recipients for services until the appropriate authorization certificates had been obtained. However, the daycare centers provided services to these 35 recipients (based solely on Ms. Hester's representation that they would be attending) without obtaining the appropriate

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authorization certificates. The centers provided daycare services for approximately two months before contacting the department to inquire about payment, becoming aware of the recipients' ineligibility, and terminating their services. The daycare centers did not receive payments from the state for the services. At the center reimbursement rate of \$72 per week per child over two years of age, the approximate loss to these centers for providing services to the 35 ineligible recipients for eight weeks totaled \$20,160 ($\$72 \times 35 \times 8 = \$20,160$).

Of the eight daycare operators we interviewed, three acknowledged paying an estimated \$1,035 to Ms. Hester after she had personally provided them documentation listing the names of children that would be attending their daycare centers and requested money. Two of the daycare operators could not recall the specific names of children referred to their centers by Ms. Hester in the manner discussed above. Thus, we could not determine their eligibility for the services. The other daycare operator provided us names of the children referred to her center by Ms. Hester for which payments were made to Ms. Hester. Of these 13 children, we determined that eight were eligible for daycare service while the remaining five were not eligible for daycare services. One of the daycare center operators classified the payments as a quid pro quo for daycare referrals from Ms. Hester. The other two daycare center operators classified the payments as loans unrelated to daycare referrals from Ms. Hester.

Also, one parent and one guardian of daycare recipients acknowledged paying Ms. Hester \$50 each (\$100 total) to authorize daycare services for their children. They both stated that they considered the payment to Ms. Hester a required one-time fee for daycare services and that they were unaware that Ms. Hester's request for the payment was improper. We determined that these four children were not eligible for daycare services.

After developing the methodology described above to review the propriety of daycare placements, on June 21, 1999, we requested department officials in Nashville to conduct the same procedures on all 737 daycare recipients in the Memphis region who were currently receiving daycare services or who had received daycare services during the past two years. On December 7, 1999 (five and a half months after our request), department staff in the Memphis region provided us with information relative to a review of only 530 of the 737 recipients. Furthermore, the information provided did not address the relevant eligibility issues stated in our formal request dated June 21, 1999. In a December 7, 1999, meeting with the department's Director of Internal Audit, we discussed the deficiencies of the department's review and again requested that department officials conduct the previously requested review of all 737 daycare recipients in the Memphis Region for propriety pursuant to the methodology discussed above.

On March 1, 2000, department officials provided us a schedule documenting their review of the 737 daycare recipients. The review determined that of the 737 daycare

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recipients, 341 were eligible for services and 228 were not eligible for services. The amount improperly paid on behalf of these ineligible recipients totaled \$548,652.32. Department staff could not determine the eligibility of the remaining 168 recipients because the records relative to daycare services were insufficient to properly document authorization. Payments for these recipients totaled \$529,797.70. The report details the deficiencies in the department's daycare authorization procedures, which provided Ms. Hester the opportunity to initiate improper payments without scrutiny by department staff. The failures of department officials to detect these improper payments and determine eligibility of 168 recipients is also attributable to the deficient daycare authorization procedures detailed in the report.

On April 29, 1999, Ms. Hester submitted her written resignation to department officials. Department of Children's Services Commissioner George Hattaway accepted her resignation by letter. His letter stated that, according to the provisions of the Department of Personnel Rules and Regulations 1120-2-.14, Ms. Hester's personnel file would reflect that she was not recommended for rehire with the State of Tennessee. At the time of her resignation, Ms. Hester had no accrued annual leave. Thus, she was not paid for any accrued annual leave.

On December 21, 1999, we submitted our findings to the Office of the District Attorney General, Thirtieth Judicial District (Memphis); and the Office of the State Attorney General.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/trs

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Special Report

**Department of Children's Services
Improper Authorization of Daycare Services
by a Clerk in the Memphis Region
April 2000**

Review Objectives

The objectives of the review were to determine the nature and extent of any impropriety relating to daycare services provided by the department's Memphis region; to examine the department's internal controls over the daycare placement process; to provide our findings to Department of Children's Services management; and to report our findings to the Office of the State Attorney General and the appropriate Office of the District Attorney General.

Results of the Review

On April 30, 1999, Ms. Dottie Hagood, Department of Children's Services Assistant Commissioner, Fiscal Services, notified the Division of State Audit of allegations that a clerk in the department's Memphis region, Ms. Evelyn Hester, had improperly requested money from a daycare operator in return for authorizing daycare placement.

On April 29, 1999, Mr. C. D. Holman, Department of Children's Services Director of Internal Affairs, interviewed Ms. Hester at the department's Memphis region office. In a signed written statement dated April 29, 1999, Ms. Hester admitted improperly requesting and obtaining money from the daycare operator. Ms. Hester also admitted requesting and accepting money from another daycare operator and parents/guardians of daycare recipients. She further admitted placing approximately 50 to 100 ineligible recipients in various daycare centers.

During our review of the matter, in collaboration with the department's internal audit and internal affairs staff, we determined the following:

- Of the daycare operators we interviewed, three acknowledged paying an estimated \$1,035 to Ms. Hester after she had personally provided them documentation listing the

names of children that would be attending their daycare centers. Two of the daycare operators could not recall the specific names of children referred to their centers by Ms. Hester in the manner discussed above. Thus, we could not determine their eligibility for the services. The other daycare operator provided us names of the children referred to her center by Ms. Hester for which payments were made to Ms. Hester. Of these 13 children, we determined that eight were eligible for daycare services while the remaining five were not eligible for daycare services.

- One parent and one guardian of daycare recipients acknowledged paying Ms. Hester \$50 each (\$100 total) to authorize daycare services for their children. We determined that these four children were not eligible for daycare services.
- Of the daycare recipients we reviewed, 52 of 78 were ineligible for services. We determined that 17 were ineligible because the department had no record (other than documentation created by Ms. Hester) of ever receiving a complaint of abuse or neglect regarding the children, of investigating a complaint of abuse or neglect regarding the children, or of authorizing the children for daycare services. Based on false documentation Ms. Hester prepared and submitted to the daycare brokerage organization (contracted by the state to facilitate payment for daycare services), the state paid \$38,052.30 for daycare services provided to these 17 ineligible recipients.

The remaining 35 recipients were ineligible because neither the department nor the brokerage organization had any record that the services had been authorized. For these 35 recipients, Ms. Hester personally provided the daycare center operators documentation listing the names of children who would be attending their daycare centers without submitting documentation to the brokerage organization to initiate payment for the services. The department had no record (other than documentation created and provided to the daycare centers by Ms. Hester) of ever receiving a complaint of abuse or neglect regarding the children, of investigating a complaint of abuse or neglect regarding the children, or of authorizing the children for daycare services.

Recipient approval and payment authorization is communicated to the daycare centers by a certificate that is sent to the centers by the brokerage organization. Since the brokerage organization never received documentation from the Department of Children's Services authorizing payment for these 35 recipients, no authorization certificates were sent to the centers. The daycare centers should not have accepted these 35 recipients for services until the appropriate authorization certificates had been obtained. However, the daycare centers provided services to these 35 recipients (based solely on Ms. Hester's representation that they would be attending) without obtaining the appropriate authorization certificates. The centers provided daycare services for approximately two months before contacting the department to inquire about payment, becoming aware of the recipients' ineligibility, and terminating their services. The daycare centers did not receive payments from the state for the services. At the center reimbursement rate of \$72 per week per child over two years of age, the

approximate loss to these centers for providing services to the 35 ineligible recipients for eight weeks totaled \$20,160 ($\$72 \times 35 \times 8 = \$20,160$).

- After developing the methodology described above to review the propriety of daycare placements, on June 21, 1999, we requested department officials in Nashville to conduct the same procedures on all 737 daycare recipients in the Memphis region who were currently receiving daycare services or who had received daycare services during the past two years. On December 7, 1999 (five and a half months after our request), department staff in the Memphis region provided us with information relative to a review of only 530 of the 737 recipients. Furthermore, the information provided did not address the relevant eligibility issues stated in our formal request dated June 21, 1999. In a December 7, 1999, meeting with the department's Director of Internal Audit, we discussed the deficiencies of the department's review and again requested that department officials conduct the previously requested review of all 737 daycare recipients in the Memphis Region for propriety pursuant to the methodology discussed above.

On March 1, 2000, department officials provided us a schedule documenting their review of the 737 daycare recipients. The review determined that of the 737 daycare recipients, 341 were eligible for services and 228 were not eligible for services. The amount improperly paid on behalf of these ineligible recipients totaled \$548,652.32. Department staff could not determine the eligibility of the remaining 168 recipients because the records relative to daycare services were insufficient to properly document authorization. Payments for these recipients totaled \$529,797.70.

- The report details the deficiencies in the department's daycare authorization procedures, which provided Ms. Hester the opportunity to initiate improper payments without scrutiny by department staff. The failures of department officials to detect these improper payments and determine eligibility of 168 recipients is also attributable to the deficient daycare authorization procedures detailed in the report.

On April 29, 1999, Ms. Hester submitted her written resignation to department officials. Department of Children's Services Commissioner George Hattaway accepted her resignation by letter. His letter stated that, according to the provisions of the Department of Personnel Rules and Regulations 1120-2-.14, Ms. Hester's personnel file would reflect that she was not recommended for rehire with the State of Tennessee. At the time of her resignation, Ms. Hester had no accrued annual leave. Thus, she was not paid for any accrued annual leave.

On December 21, 1999, we submitted our findings the Office of the District Attorney General, Thirtieth Judicial District (Memphis); and the Office of the State Attorney General.

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INTRODUCTION

ORIGIN OF THE REVIEW

On April 30, 1999, Ms. Dottie Hagood, Department of Children's Services Assistant Commissioner, Fiscal Services, notified the Division of State Audit of allegations that Ms. Evelyn Hester, then a Department of Children's Services Clerk 2 in Memphis, had improperly requested \$125 from a daycare operator in return for authorizing daycare placements. Children reported to the department as being abused or neglected may be assessed by a department caseworker as eligible for daycare services. Ms. Hester's responsibilities with the department included processing daycare referral forms approved by a caseworker and supervisor and forwarding documentation to the regional brokerage organization to initiate the daycare services. In instances where the parent or guardian did not personally select a daycare center, Ms. Hester had the responsibility of selecting a daycare center from a list of licensed facilities.

Ms. Hagood stated that on March 29, 1999, a Department of Human Services counselor received a telephone call from Ms. Sular Gordon, owner of Home Away from Home Daycare Center in Memphis, alleging that Ms. Hester had requested her to pay \$125 for five daycare placements. According to Mr. C. D. Holman, Department of Children's Services Director of Internal Affairs, he began a review of the matter on April 12, 1999, immediately after being notified by the Department of Human Services Director of Investigations, Mr. Larry Evitts, that the allegation involved a Department of Children's Services employee.

On April 29, 1999, Mr. Holman interviewed Ms. Hester at the department's Memphis region office. In a signed written statement dated April 29, 1999, Ms. Hester admitted improperly requesting and obtaining \$125 from the daycare operator mentioned above. Ms. Hester also admitted requesting and accepting money from another daycare operator and parents/guardians of daycare recipients. She further admitted placing approximately 50 to 100 ineligible recipients in various daycare centers. Mr. Holman stated that once he discovered that Ms. Hester's actions might have involved the improper disbursement of federal and state funds, he informed Ms. Hagood, who notified the Division of State Audit.

On April 30, 1999, our office began a review of the matter in collaboration with the department's internal audit and internal affairs staff.

OBJECTIVES OF THE REVIEW

The objectives of the review were

- to determine the nature and extent of any impropriety relating to daycare services provided by the department's Memphis region;
- to examine the department's internal controls over the daycare placement process;
- to provide our findings to Department of Children's Services management; and
- to report our findings to the Office of the State Attorney General and the appropriate Office of the District Attorney General.

SCOPE OF THE REVIEW

Our review included interviews with relevant staff of the Department of Children's Services, the Department of Human Services, and Cherokee Children and Family Services (the child care brokerage organization for the Memphis region). We also interviewed some of the parents and daycare operators identified by Ms. Hester as improperly paying her for daycare placements.

We reviewed case file information relating to 40 daycare recipients specifically identified by Ms. Hester as being ineligible. We also reviewed records pertaining to 38 daycare recipients reported to the department by two daycare operators as having been referred to them by Ms. Hester but for whom payment had not been received. It should be noted that after we began our review, other daycare centers began reporting similar complaints to the department. Department staff in Memphis reviewed these complaints. We traced the 78 daycare recipients to the department's two computerized intake tracking systems (the Social Services Management System and the Client Operations Review System) to determine if the recipients had ever been legitimately referred to the department for assessment. When no intake record or department case file could be located, the daycare recipient was considered ineligible for services. We then traced these ineligible recipients to the computerized daycare tracking and payment system (the Tennessee Child Care Management System) to determine the amount improperly paid for ineligible daycare services.

After developing this methodology to review recipient eligibility, on June 21, 1999, we requested that the department's central office officials in Nashville review the propriety of all Memphis region daycare recipients. According to the computerized Tennessee Child Care Management System, at the time of our request, 737 children were either receiving daycare services from the department's Memphis region or had received daycare services during the past two years.

In a July 15, 1999, telephone conversation, Ms. Hester agreed to meet with us on Monday, July 19, 1999, to discuss the matter. However, in our July 18, 1999, telephone conversation with her to confirm the meeting, Ms. Hester stated that she would probably not be able to meet with us because she had not arranged transportation and was experiencing a medical problem. Because the meeting was to occur in Memphis, and Ms. Hester could not definitely commit to meet, we elected not to make the trip at that time. On March 31, 2000 (after department officials completed their eligibility review of the 737 daycare recipients), we attempted to contact Ms. Hester by telephone to arrange an interview. However, Ms. Hester's home telephone number had been disconnected and forwarding information was not provided. Therefore, we were unable to interview Ms. Hester concerning the matter.

BACKGROUND

Creation of the Department of Children's Services

The Department of Children's Services was created on May 21, 1996, by Chapter 1079 of the 1996 Public Acts. The former Department of Youth Development and the Department of Finance and Administration's Office of Children's Services Administration were combined along with certain functions from the Department of Human Services and the Department of Health responsible for the welfare of children.

According to the Department of Children's Services mission statement, the department, "in cooperation with juvenile courts, local communities, schools, and families, will provide timely, appropriate, and cost-effective services for children in state custody and at risk of custody, so these children can strive to reach their full potential as productive, competent, and healthy adults." The focus of these services is to preserve the relationship between the child and the family by providing, whenever possible, services in the child's community and by providing the services in a setting which is the least restrictive and yet the most beneficial. These services include counseling, training parents in homemaking skills, and arranging daycare placement. In situations where the child is considered at imminent risk of abuse or neglect, the department may place the child in the custody of another relative or take the child into state custody.

Cherokee Children and Family Services

According to agency literature, Cherokee Children and Family Services (hereinafter referred to as Cherokee) is a private, nonprofit brokerage organization created in 1989 to administer the Department of Human Services publicly subsidized child care program for low-income families in Memphis and Shelby County.

On July 1, 1992, the Department of Human Services contracted with Cherokee to serve as one of the state's 14 regional brokerage organizations. The services provided by Cherokee include accepting child care referrals from the state; accepting child care applications from the public and determining eligibility; counseling caretakers and caseworkers concerning types of care

available; referring all complaints against regulated providers and allegations of abuse and neglect to the state; monitoring provider billings and attendance records and notifying the state immediately of questionable charges; and printing the certificates (used by daycare centers as verification of eligibility) for child care services. A “brokerage” organization does not provide any daycare services, nor does it pay for such services. A brokerage organization facilitates and monitors payments made to the daycare centers by the state.

Title 20 (Social Services Block Grant Funds)

The Title 20 Block Grants to States for Social Services (hereinafter referred to as SSBG) are administered by the Office of Policy, Planning, and Legislation, Office of Human Development Services, U.S. Department of Health and Human Services, for the purposes of consolidating federal assistance to states for social services in a single grant. In 1975, the Governor of the State of Tennessee designated the Department of Public Welfare as the state agency to administer programs under Title 20 of the Social Security Act. The name of the department was changed in 1975 to the Department of Human Services. This designation was continued when Title 20 became a block grant in 1981. In May 1996, the Department of Children’s Services was created to administer services for children in, and at risk of, state custody. With the establishment of the Department of Children’s Services, the responsibility for social services for adults and children was divided between two departments. The Department of Human Services is responsible for adult social services and the Department of Children’s Services is responsible for children’s services.

According to Ms. Stephanie Faulkner, Department of Children’s Services Director of Fiscal Services, the department uses SSBG funds to provide parenting classes, lifeskills training, and anger management. She stated that while the department also uses SSBG funds for daycare services, the program is actually fiscally administered by the Department of Human Services. Ms. Faulkner stated that the daycare brokerage organization in a respective region verifies daycare center attendance records, enters the information into the computerized Tennessee Child Care Management System (TCCMS), and electronically transmits the information to the Department of Human Services. She stated that the Department of Human Services then pays daycare providers based on the information submitted by the brokerage organization and confirmed by the attendance records submitted directly to the department by the daycare center. She said that the Department of Human Services then prepares a journal voucher to record that these payments were charged to the Department of Children’s Services and that SSBG funds were drawn to cover the charges. Ms. Faulkner stated that this process essentially had a zero effect on a department account because the account is charged for the daycare expenses and replenished with SSBG funds at the same time.

Ms. Faulkner stated that Department of Children’s Services regional staff determines eligibility for daycare services and monitors department budgetary constraints on expenditures for the daycare program. According to the Regional Quarterly Day Care Report, during the period July 1, 1998, through June 30, 1999, the Memphis region expended \$1,331,632 for daycare services. The total amount expended by the department’s 11 other regions was \$2,508,046.

Thus, the amount expended by the department for daycare services during fiscal year 1999 totaled \$3,839,678.

DETAILS OF THE REVIEW

I. MS. EVELYN HESTER

April 29, 1999, Admission

On April 29, 1999, Mr. C. D. Holman, Department of Children's Services Director of Internal Affairs, interviewed Ms. Hester at the department's Memphis region office. In a signed written statement dated April 29, 1999, Ms. Hester admitted requesting and obtaining \$125 from the owner of the Home Away from Home daycare center, Ms. Sular Gordon, in return for placing five children in Ms. Gordon's daycare.

In her written statement, Ms. Hester also admitted requesting and accepting money from another daycare facility (Macedonia Daycare Center) and parents/guardians of daycare recipients. Ms. Hester did not indicate in her written statement whether or not these children were eligible for daycare services. Ms. Hester directly stated that she began requesting money for daycare placements sometime in 1997 because of personal financial difficulties. According to Federal Bankruptcy Court documents, Ms. Hester filed Chapter 13 bankruptcy on June 24, 1996.

Furthermore, Ms. Hester admitted placing approximately 50 to 100 ineligible children in daycare centers. From steno pad entries Ms. Hester made to track both legitimate and illegitimate placements, she specifically identified 40 daycare recipients who were not eligible for services.

Ms. Hester was able to make these improper referrals because she was given sole responsibility for handling the processing of daycare referrals for the region with little or no oversight. A summary of the daycare authorization process used by the department's Memphis region and the inherent failures of the internal control structure to prohibit and detect Ms. Hester's inappropriate activities are detailed below in the "Daycare Authorization Process" section (Section V) of this report.

Review of Ms. Hester's Bank Account

On May 7, 1999, Ms. Hester signed an authorization form giving us access to her personal bank account records. We reviewed Ms. Hester's personal bank account records for the period November 11, 1998, through April 14, 1999, to determine if any checks from parents, guardians, or daycare operators were deposited into her account during the most recent six-month period. Our review disclosed that, other than Ms. Hester's state payroll checks, no deposits were made during this period until March 18, 1999. From March 18 to April 14, 1999, Ms. Hester made

four deposits into her personal bank account totaling \$600. Because all four deposits were in the form of cash, the sources of these deposits could not be traced.

Review of State Payments to Ms. Hester

We examined state payments to Ms. Hester for the two-year period July 1, 1997, through June 30, 1999. According to State Accounting and Reporting System (STARS) printouts of state payments to Ms. Hester, the only payments to Ms. Hester for this period related to her state salary. We found no evidence that unauthorized state payments were made to Ms. Hester as the payee or were sent to Ms. Hester's home address.

Administrative Action Taken by the Department

On April 29, 1999, Ms. Hester submitted her written resignation to department officials. Department of Children's Services Commissioner George Hattaway accepted her resignation by letter. His letter stated that, according to the provisions of the Department of Personnel Rules and Regulations 1120-2-.14, Ms. Hester's personnel file would reflect that she was not recommended for rehire with the State of Tennessee.

According to *Tennessee Code Annotated*, Section 8-50-807, any employee who is dismissed or terminated from state service for gross misconduct, or who resigns from state service to avoid dismissal for gross misconduct shall not be entitled to collect any unused accrued annual leave. However, at the time of her resignation, Ms. Hester had no accrued annual leave. Thus, she was not paid for any unused accrued annual leave.

II. ELIGIBILITY REVIEW OF DAYCARE RECIPIENTS

Methodology

We reviewed case file information relating to the 40 daycare recipients identified by Ms. Hester as being ineligible for daycare benefits. We also reviewed 38 daycare recipients questioned by two daycare centers (Home Away from Home and Philippians). (See Exhibit A.) The operators of these two centers provided department officials daycare referral forms personally given to them by Ms. Hester. These forms listed the names of the 38 children to be placed in their respective daycare centers. The operators stated that the children either never came for services or that payment for children who attended their respective daycare centers had not been received. It should be noted that after we began our review, other daycare centers reported similar complaints to department officials in Memphis. These complaints were reviewed by department staff, and eligibility assessments were conducted by the respective caseworkers. The results of this review are included below in the "Review Conducted by Department Officials" area of this section.

We traced the combined total of the 78 daycare recipients to the department's computerized intake tracking systems, the Social Services Management System (SSMS) and the Client Operations Review System (CORS), to determine if the recipients were ever eligible for daycare services. An allegation of abuse or neglect initiates the recording of the child's name to the SSMS, an investigation of the claim, and assessment of needed services by a department caseworker. Children in the state foster care program as listed on the CORS may also be eligible to receive daycare services through the department. When we found no evidence that a daycare recipient was either in the state foster care program (as recorded on CORS) or was reported to the department as having been abused or neglected (as recorded on SSMS), we considered the recipient ineligible for services. We then traced recipients considered ineligible for services to the computerized daycare tracking and payment system, the Tennessee Child Care Management System (TCCMS), to determine the amount paid for daycare services to ineligible recipients.

Payments Made for Ineligible Recipients

Of the 78 daycare recipients we traced to supporting documentation, we determined that 52 recipients were ineligible for daycare services. Of these 52 recipients, 17 were ineligible because the department had no record (other than documentation created by Ms. Hester) of ever receiving a complaint of abuse or neglect regarding the children, of investigating a complaint of abuse or neglect regarding the children, or of authorizing the children for daycare services. Based on false documentation Ms. Hester prepared and submitted to the daycare brokerage organization (contracted by the state to facilitate payment for daycare services), the state paid \$38,052.30 for daycare services provided to these 17 ineligible recipients.

During her April 29, 1999, interview with Mr. Holman, Ms. Hester identified 8 of the 17 recipients as being unauthorized and improperly referred by her to the brokerage organization (initiating placement and payment). The remaining 9 recipients were identified by the two daycare centers (4 by Home Away from Home and 5 by Philippians) as being referred to their respective centers by Ms. Hester without attending. The centers' directors provided the department with documentation completed by Ms. Hester and personally delivered to them by Ms. Hester for the referrals. This documentation was never submitted to the brokerage organization to transfer authorization for the 9 recipients to obtain daycare services from Home Away from Home and Philippians. It should be noted that Ms. Hester had completed and submitted documentation to the brokerage organization for these 9 recipients indicating they were attending daycare centers other than Home Away from Home and Philippians. Our review confirmed that at the time Ms. Hester referred these 9 recipients to Home Away from Home and Philippians, the recipients were already attending other daycare centers (Tennie Tymes Daycare, Precious Lambs Developmental Center, and Macedonia Daycare). These three centers were being paid by the state for daycare services provided to these 9 ineligible recipients.

Referrals to Daycare Centers Without Eligibility Authorization and Payment Initiation

We also determined that 35 recipients were ineligible because neither the department nor the brokerage organization had any record that the services had been authorized. For these 35 recipients, Ms. Hester personally provided the daycare center operators documentation listing the names of children who would be attending their daycare centers without submitting documentation to the brokerage organization to initiate payment for the services. For 24 of the 35 recipients, the department had no record (other than documentation created and provided to the daycare centers by Ms. Hester) of ever receiving a complaint of abuse or neglect regarding the children, of investigating a complaint of abuse or neglect regarding the children, or of authorizing the children for daycare services. While case files existed for the remaining 11 recipients (indicating a report of abuse or neglect was received by the department and investigated), the department had no record of ever authorizing the recipient for daycare services.

Recipient approval and payment authorization is communicated to the daycare centers by a certificate that is sent to the centers by the brokerage organization. Since the brokerage organization never received documentation from the Department of Children's Services authorizing payment for these 35 recipients, no authorization certificates were sent to the centers. The daycare centers should not have accepted these 35 recipients for services until the appropriate authorization certificates had been obtained. However, the daycare centers provided services to these 35 recipients (based solely on Ms. Hester's representation that they would be attending) without obtaining the appropriate authorization certificates. The centers provided daycare services for approximately two months before contacting the department to inquire about payment, becoming aware of the recipients' ineligibility, and terminating their services. The daycare centers did not receive payments from the state for the services they provided. At the center reimbursement rate of \$72 per week per child over two years of age, the approximate loss to these centers for providing services to the 35 ineligible recipients for eight weeks totaled \$20,160 ($\$72 \times 35 \times 8 = \$20,160$).

Cherokee officials confirmed that they did not receive any referral notification for these 35 recipients. Thus, the recipients were not entered into the daycare tracking and payment system and no payments were made for these recipients.

It is unclear whether Ms. Hester intentionally failed to submit the referral forms to Cherokee or did not have time to submit the documentation after her activities were discovered on April 29, 1999, and her access to the documentation was denied.

Referrals Initially Authorized

The remaining 26 recipients had family case files with the department, had at least one family member who could be traced to the department's computerized intake systems (SSMS or CORS), and had their names recorded on the computerized tracking and payment system (TCCMS) as eligible recipients.

Of these 26 recipients, we could not locate caseworker/supervisor approved referral forms for 6 recipients. We considered these recipients authorized because case file notations indicated that the caseworker approved and monitored the daycare services. Another 15 recipients had only one referral form approved by the caseworker and supervisor in the case file even though the recipient had received daycare services that exceeded the department's predetermined six-month limit. The policies and procedures followed by the department required a referral form to be signed by the caseworker and supervisor for every six-month period of service. The remaining 5 recipients, for whom a referral form was located, had not been attending daycare over the six-month limit and, thus, no subsequent referral form was required. Based on interviews with two caseworkers, reauthorization for additional daycare services beyond the six-month period was typically achieved through telephone conversations with Ms. Hester without the completion of the required referral form by the caseworker. Thus, based on presently available information, these 26 recipients were eligible for daycare services.

According to Ms. Linda Roach, Department of Children's Services Child Protective Services Team Leader, Memphis region, she was not surprised that caseworkers reauthorized daycare services through telephone conversations with Ms. Hester. She stated that the Child Protective Services unit had to prioritize its responsibilities. Ms. Roach told us that an overwhelming caseload and a high caseworker turnover rate made it difficult for the unit to appropriately monitor, reassess, and complete the paperwork necessary for follow-up services. She stated that the Memphis region did not have a specific unit to handle follow-up service issues.

Review Conducted by Department Officials

After developing the methodology described above to review the propriety of daycare placements, on June 21, 1999, we requested department officials in Nashville to conduct the same procedures on all 737 daycare recipients in the Memphis region who were currently receiving daycare services or who had received daycare services during the past two years. On December 7, 1999 (five and a half months after our request), department staff in the Memphis region provided us with information relative to a review of only 530 of the 737 recipients. Furthermore, the information provided did not address the relevant eligibility issues stated in our formal request dated June 21, 1999. In a December 7, 1999, meeting with the department's Director of Internal Audit, we discussed the deficiencies of the department's review and again requested that department officials conduct the previously requested review of all 737 daycare recipients in the Memphis region for propriety pursuant to the methodology discussed above.

On March 1, 2000, department officials provided us a schedule documenting their review of the 737 daycare recipients. The review determined that of the 737 daycare recipients, 341 were eligible for services and 228 were not eligible for services. Department staff could not determine the eligibility of the remaining 168 recipients.

The review determined that 228 of the 737 daycare recipients (including the 17 recipients determined to be ineligible by our office for which Ms. Hester submitted false documentation to the brokerage organization and initiated payment) were not eligible for all or part of the daycare

services they received. The amount improperly paid on behalf of these ineligible recipients totaled \$548,652.32. For 123 of the 228 ineligible recipients, the department had no record whatsoever (other than documentation created and provided to the brokerage organization by Ms. Hester) of ever receiving a complaint of abuse or neglect regarding the children, of investigating a complaint of abuse or neglect regarding the children, or of authorizing the children for daycare services. Improper daycare payments for these 123 recipients totaled \$274,121.30. Case files or intake records existed for the remaining 105 recipients (indicating some official contact with the department). However, the department had no record of staff ever authorizing the recipients for daycare services. After reviewing all available documentation related to the department's contact with these 105 recipients, department staff determined that these recipients were not eligible for daycare services. Improper daycare payments for these 105 recipients totaled \$274,531.02.

Department officials reported that they could not determine the eligibility of the remaining 168 daycare recipients. Payments for these recipients totaled \$529,797.70. Intake records, case files, and some notation of daycare authorization (the case file contained either case worker notes suggesting that daycare services were being provided or at least one daycare authorization form) existed for 114 of these 168 daycare recipients. However, because of an incomplete paper trail and defects in the existing documentation, these records were insufficient to properly document daycare service authorization. Thus, department officials could not definitively determine whether or not these recipients were in fact eligible for daycare services. Department officials could not locate case files relative to another 52 of the 168 recipients. In the absence of case file documentation, department officials were unable to determine if daycare services were appropriately approved and documented. It is unclear whether these case files were lost or misplaced by department staff, taken by Ms. Hester to conceal her inappropriate actions, or never existed. Department officials determined that the remaining two recipients were adopted. Although intake records existed for the two recipients, their case files were sealed by the court and were unavailable for eligibility review.

According to the Director of Internal Audit, all 168 daycare recipients are being assessed by department caseworkers to determine if daycare services are currently being provided and if so, to determine if daycare services are appropriate. Furthermore, she stated that Memphis region officials are reviewing documentation relative to the 228 ineligible daycare recipients to ensure that the department has appropriately terminated daycare services.

Section V of this report details the deficiencies in the department's daycare authorization procedures, which provided Ms. Hester the opportunity to initiate improper payments without scrutiny by department staff. The failures of department officials to detect these improper payments and determine eligibility of 168 recipients are also attributable to the deficient daycare authorization procedures detailed in Section V of this report.

III. INTERVIEWS WITH DAYCARE CENTER OWNERS/OPERATORS

We interviewed eight daycare owners/operators representing nine different daycare centers in the Memphis area. We interviewed the operators of these nine daycare centers because

Ms. Hester had admitted receiving payments from the daycare operator or admitted sending ineligible recipients to the daycare center. Ms. Hester placed daycare recipients in approximately 100 daycare centers. Of the eight daycare owners/operators we interviewed, three acknowledged paying an estimated \$1,035 to Ms. Hester after she had personally provided them placement documentation.

Two of the daycare operators could not recall the specific names of children referred to their centers by Ms. Hester in the manner discussed above. Thus, we could not determine their eligibility for the services. The other daycare operator provided us names of the children referred to her center by Ms. Hester for which payments were made to Ms. Hester. Of these 13 children, we determined that eight were eligible for daycare services while the remaining five were not eligible for daycare services. This daycare center operator classified the payments as a quid pro quo for daycare referrals from Ms. Hester. The other two daycare center operators classified the payments as loans unrelated to daycare referrals from Ms. Hester.

The remaining five daycare owners/operators stated that Ms. Hester never requested money from them and that they never provided money to Ms. Hester.

Home Away from Home Daycare Center

In a signed written statement dated May 19, 1999, Ms. Sular Gordon, owner of Home Away from Home Daycare Center, acknowledged giving Ms. Hester \$325 for 13 daycare referrals. She stated that around the first week of March 1999, she had contacted Ms. Hester by telephone, pursuant to advice from Cherokee officials, to have her center listed as a Cherokee approved daycare center. Ms. Gordon stated that Ms. Hester told her at that time that she could “fill up her daycare” for \$25 per child. Ms. Gordon stated that a few days later Ms. Hester personally delivered daycare placement forms listing the names of eight children and requested a payment totaling \$200. Ms. Gordon acknowledged that she paid Ms. Hester \$200 in cash. She stated that around March 10, 1999, Ms. Hester personally delivered placement forms listing five more children and requested a payment totaling \$125. Ms. Gordon acknowledged paying Ms. Hester \$125 with a personal check. Ms. Gordon stated that after this \$125 payment, Ms. Hester made repeated requests for additional money. Ms. Gordon told us that these additional requests for money prompted her to report the matter to her daycare licensing contact at the Department of Human Services.

Ms. Gordon provided us her \$125 check to Ms. Hester that had been negotiated for payment. The check, number 0926, dated March 10, 1999, was made out to “Evelyn Hester.” The memo line on the check was blank. The back of the check was endorsed with the name “Evelyn Hester.” The check did not bear any notations indicating it had been deposited into any bank accounts.

Macedonia Daycare Center

In a signed written statement dated May 20, 1999, Ms. Virgie Cox, owner of Macedonia Daycare Center, acknowledged that on four or five occasions she gave Ms. Hester an estimated \$500 in cash and checks after Ms. Hester personally delivered placement forms to her daycare center. She stated that these payments were characterized by Ms. Hester as “loans” and varied in amounts from \$25 to \$100. Ms. Cox told us that the payment amounts were not established based on the number of placements made by Ms. Hester but were arbitrary amounts based on specific requests by Ms. Hester. However, she acknowledged that no documentation to support the “loans” was prepared and no money was ever repaid by Ms. Hester. Ms. Cox stated that while she did not consider these “loans” as payments for daycare placements, she did feel pressure to comply with Ms. Hester’s requests in order to obtain further daycare placements from Ms. Hester.

We requested Ms. Cox to provide us with the cancelled checks of payments she made to Ms. Hester. However, in an August 24, 1999, telephone conversation, Ms. Cox stated that she could not locate any of the cancelled checks.

Whizz Kids Daycare Center

Ms. Donna Reed, Director of Whizz Kids Daycare Center, also acknowledged providing undocumented “loans” to Ms. Hester during her visits to the center to deliver daycare placement forms. Ms. Reed acknowledged that on four or five occasions she gave Ms. Hester an aggregate of approximately \$210 in cash and checks after Ms. Hester personally delivered placement forms to her daycare center. She stated that these payments were characterized by Ms. Hester as “loans” and varied in amounts from \$10 to \$50. Ms. Reed told us that the payment amounts were not established based on the number of placements made by Ms. Hester but were arbitrary amounts based on specific requests by Ms. Hester. Ms. Reed said that Ms. Hester had repaid approximately \$50.

We requested Ms. Reed to provide us with the cancelled checks of payments she made to Ms. Hester. However, in an August 31, 1999, telephone conversation, Ms. Reed stated that she could not locate any of the cancelled checks.

IV. INTERVIEWS WITH PARENTS/GUARDIANS

The 40 daycare recipients Ms. Hester personally identified as being unauthorized represented 18 different families. It should be noted that we confirmed 32 of the 40 daycare recipients identified by Ms. Hester as ineligible for daycare services. The remaining 8 recipients appeared to have been properly authorized by the respective caseworker and supervisor to initially receive daycare services. The files of these 8 recipients were reviewed by department staff to determine when or if they became ineligible. The review determined that all 8 recipients were eligible for daycare services.

We interviewed a parent or guardian of 5 of the 18 families based on identifying information listed in Ms. Hester's steno pad. The parent or guardian for two other families for which identifying information was provided did not respond to our repeated telephone requests for interviews. We attempted to interview these parents and guardians because their locations were indicated and because we wanted to confirm Ms. Hester's representation that she had solicited and accepted money from some parents and guardians. We did not attempt to locate the parents or guardians of the remaining 11 families.

Of the five families in which a parent or guardian was interviewed, one parent and one guardian admitted paying Ms. Hester \$50 in cash (for a total of \$100) for referring children under their care to a daycare center. The parent of three children and the guardian of one child both stated that they had not kept any records of these \$50 transactions. They both stated that they considered the payment to Ms. Hester as a required one-time fee for daycare services and that they were unaware that Ms. Hester's request for the payment was improper. We determined that these four children were not eligible for daycare services. It should be noted that these four children were not recorded on the computerized daycare tracking and payment system (TCCMS), and, therefore, no payment was actually made by the state for their daycare services.

For the remaining three families, the parent or guardian stated that Ms. Hester never requested money from them and they never gave money to Ms. Hester.

V. DAYCARE AUTHORIZATION PROCESS

Intake Procedures

According to Ms. Linda Roach, Department of Children's Services Child Protective Services Team Coordinator, Memphis region, her unit receives approximately 700 hotline calls per month alleging child abuse or neglect. Ms. Roach stated that these calls are documented by intake unit staff who record the calls on a Child Protective Services intake form (form 680) and assign the allegations (on a rotating basis) to a Child Protective Services supervisor for review.

Case Assignment

Ms. Roach stated that Child Protective Services supervisors review allegations assigned to them daily and organize each allegation by response priority. She stated that some allegations are not referred further due to lack of sufficient information. She stated that, depending on the critical nature of the allegation, it is given a response priority designation of (1) immediate, (2) within 24 hours, or (3) within seven working days.

Child Protective Services Investigation

According to Ms. Roach, a CPS caseworker responds to the complaint as prioritized by the supervisor by conducting a home visit and talking with the child and parent or guardian. Ms. Roach stated that, based on the assessment by the caseworker, appropriate responses include (1) taking no action, (2) placing the child in state custody, (3) placing the child in a relative's custody, (4) authorizing counseling services for the parent, (5) authorizing homemaker training classes for the parent, or (6) authorizing daycare services for the child.

Completion of the "Daycare Referral and Communication Form"

Ms. Roach said that if daycare services are necessary, the caseworker completes a "Daycare Referral and Communication" form (See Exhibit B) and submits it to the supervisor for approval. According to Ms. Roach, once the supervisor approves daycare services, the form is provided to the daycare clerk for processing. Until April 29, 1999, Ms. Hester was the daycare clerk responsible for processing these forms. The form contains space for the caseworker to document the daycare center selected by the parent or guardian. However, according to Ms. Roach, if the parent or guardian does not select a daycare center, Ms. Hester was responsible for selecting a daycare center from a list of licensed daycare facilities. The form authorized daycare services for a period not to exceed six months. Ms. Roach stated that at the end of the six-month period, the caseworker was required to reevaluate the matter and either terminate services or reauthorize services for another six-month period.

According to Ms. Roach, while she expected each caseworker to have contact with the family in order to form the basis by which further services were either terminated or continued, she stated that it was her understanding that Ms. Hester would track the recertification date, call the caseworker, and obtain verbal instructions regarding continued services.

Ms. Roach told us that the Child Protective Services unit had to prioritize its responsibilities. She stated that an overwhelming caseload and a high caseworker turnover rate made it difficult for caseworkers to appropriately monitor, reassess, and complete the paperwork necessary for follow-up services. She stated that the Memphis region did not have a specific unit to handle follow-up service issues.

Completion of the "Purchase of Services Authorization and Request for Services Form"

Ms. Roach stated that after Ms. Hester received the referral form from the case supervisor, Ms. Hester would personally complete an additional form (a "Purchase of Services Authorization and Request for Services" form, also called form 567). (See Exhibit C.) This 567 form, not the original "Daycare Referral and Communication" form prepared by the caseworker and approved by the supervisor, was forwarded to Cherokee by Ms. Hester to initiate daycare services. Upon receiving this form, prepared solely by Ms. Hester, Cherokee staff would enter the information into the daycare tracking and payment system, the Tennessee Child Care

Management System (TCCMS). This action entered the child into the payment system as an eligible recipient of daycare services and generated a certificate documenting eligibility. According to Ms. Roach, Cherokee sent this certificate to Ms. Hester, who would then forward it to the daycare center as authorization to provide daycare services and as confirmation that the state would pay for such services.

According to Mr. Bill Hackett, the Acting Director of the Department of Children's Services, Memphis region, completion of the 567 form was required to provide Cherokee with necessary service information not contained on the "Daycare Referral and Communication" form prepared by the caseworker and approved by the supervisor. However, this 567 form was prepared solely by Ms. Hester without an independent reconciliation of the form with the original approval form completed by the caseworker and approved by the supervisor (the "Daycare Referral and Communication" form). This significant absence of internal controls allowed Ms. Hester to initiate daycare services to ineligible recipients without scrutiny.

Department of Children's Services Policies and Procedures

Ms. Roach stated that since the Department of Children's Services does not have specific policies and procedures that address daycare services, she adopted the above-mentioned practice to be consistent with the procedures in place during her prior employment with the Department of Human Services.

According to a February 21, 1997, memorandum from the Department of Children's Services Commissioner, Mr. George Hattaway, to all department employees, the Department of Children's Services was in the process of transitioning from policies and procedures developed by the former Department of Youth Development, the Department of Human Services, and the Children's Services Agency to new Department of Children's Services policies. The memorandum stated that until new policies were written and approved, employees would continue to follow their former department's policies.

These policies specifically require the caseworker to complete a new referral form at the expiration of the six-month eligibility period and to forward the referral form to the brokerage agency.

By diminishing the significance of the caseworker prepared and supervisor approved referral form (through only submitting the additional form prepared by Ms. Hester to the brokerage agency as support for daycare service approval), the department's Memphis region violated the department's policies and procedures in effect and failed to adhere to sound internal control principles.

According to Ms. Marilyn Hayes, Department of Children's Services Assistant Commissioner for Program Operations, the department has developed an updated policies and procedures manual (in draft form) relative to the department's Child Protective Services unit. She stated that the manual was undergoing final revision and would be disseminated to all department

staff once completed. Ms. Hayes said that she did not know when the final version of the manual would be completed but confirmed that until such time, the department would continue using Department of Human Services policies and procedures.

Action Taken by Department Officials

Written procedures developed and implemented by Memphis region officials in May 1999 require all referral and reauthorization forms to be completed by the caseworker and approved by the supervisor and team leader. The procedures also require a monthly reconciliation by an administrative assistant (independent of the referral process) of the caseworker prepared and supervisor approved daycare referral forms to a list of generated daycare certificates obtained from Cherokee. Although the Memphis region officials have not combined the necessary information contained in the referral form submitted to Cherokee with the information contained on the authorization form prepared by the caseworker and approved by the supervisor (creating one form to authorize daycare services and communicate the authorization to the brokerage agency), the reconciliation procedure discussed above would detect the submission of bogus authorization forms to the brokerage agency.

According to Mr. Hackett, the Acting Director of the Department of Children's Services, Memphis region, the region's Adolescent and Parenting Unit was designated to monitor and reevaluate daycare and other services authorized by the caseworkers in response to deficiencies in properly monitoring services authorized by the Child Protective Services caseworkers. Mr. Hackett stated that this unit would relieve caseworkers from monitoring service programs and allow caseworkers to focus on responding to investigative responsibilities. The implementation of this monitoring process, if properly conducted, should ensure timely and appropriate monitoring and reevaluation of daycare and other services authorized by department caseworkers.

Referral of the Matter

On December 21, 1999, we submitted our findings pertaining to the matter to the Office of the State Attorney General and the Office of the District Attorney General, Thirtieth Judicial District (Memphis). As of the date of this report, the matter is pending.

RECOMMENDATIONS

Our review resulted in the following recommendations:

1. Memphis region management (the director and Child Protective Services unit team leaders) should continue to monitor the implementation of corrective actions to ensure adequate

monitoring and compliance with established criteria. Memphis region management should also ensure that daycare services for ineligible recipients have been appropriately terminated.

2. Department of Children's Services management should coordinate with the Office of the State Attorney General to pursue appropriate civil recovery of payments made on behalf of ineligible daycare recipients. Department management should also pursue all available criminal sanctions.
3. Policies and Procedures relative to the Child Protective Services daycare programs should be developed, documented, and disseminated to all applicable department staff. These procedures should specifically address eligibility criteria, authorization procedures and documentation, re-assessment procedures and documentation, term limits, and case file management. At no time should a single individual be allowed to prepare and submit authorization documentation to a brokerage organization without appropriate approvals.
4. The department's Memphis Region Director should continually monitor the effectiveness of the newly designated follow-up unit to ensure timely and appropriate monitoring and reevaluation of daycare and other services authorized by department caseworkers.
5. The Memphis Region Director should consider consolidating the information contained on the two forms used to authorize daycare placement, the "Daycare Referral and Communication" prepared by caseworkers to authorize daycare services and the "Purchase of Services Authorization and Request for Services" form (form 567) submitted to the brokerage organization to initiate daycare placement and payment. Memphis region staff should continue the independent monthly reconciliation process initiated as a result of this review and should also consider replacing this manual reconciliation with an automated comparison of the department's computerized intake system (listing the names of children reported to the department for investigative review) and the computerized Tennessee Child Care Management System (listing the names of children receiving daycare services). This reconciliation should be documented and maintained by the Memphis region.

EXHIBIT A

SUMMARY OF DAYCARE RECIPIENTS REVIEWED FOR ELIGIBILITY

<u>CATEGORY</u>	<u>TOTAL</u>	<u>INELIGIBLE PAID</u>	<u>INELIGIBLE NOT PAID</u>	<u>ELIGIBLE PAID</u>
I. Recipients Identified by Ms. Hester as being Ineligible	40	8	24	8 (1)
II. Recipients Questioned by Two Center Directors	38	9	11	22 (1)
TOTAL	78	17	35	26

NOTE: (1) These figures include four daycare recipients that were identified by Ms. Hester as being ineligible AND were questioned by one of the two center directors because the children were referred to the center by Ms. Hester but were not attending the center. The center was not receiving payment for these children. However, based on presently available information, the four recipients were authorized to obtain daycare services and were obtaining these services from another daycare center which was receiving payment for these children.

DAY CARE REFERRAL AND COMMUNICATION FORM

EXHIBIT B

Original to Day Care Unit) ☐ Referral ☐ Transfer ☐ Continuation of Services
 Copy for CPS Case Record) ☐ Termination ☐ Changes ☐ Child presently in Day Care

Case Name: _____ Case Number: _____

Address: _____ Phone Number: _____

Zip Code: _____ If parent works, where: _____

Child's Name (no nicknames, name on SID)	Individual ID No.	D.O.B.	Termination Date
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____
4. _____	_____	_____	_____

Special Needs/Problems of Children Being Placed in Day Care (Examples: Handicapped, Toilet Trained, Speech Problems, etc.): _____

Eligibility Period as shown on SID (not to exceed 6 months): _____

Date Day Care Services are to be initiated: _____

Is Transportation Needed? Yes _____ No _____

Indicate hours and days care is needed: _____

Is parent cooperative and willing for child to attend day care? Yes _____ No _____

Comments: (Specific Center, Family Day Home or Zip Code Area): _____

What is expected to be accomplished by having the child in day care? _____

REMINDERS:

1. If before and after School care is needed, indicate what school child will be attending and school hours.
2. Health records need to be completed and given to center as soon as possible. (Parents)
3. No child will be removed from Day Care until Day Care Unit receives notice of termination.
4. When CPS Counselors are aware of a change in day care arrangements, please notify day care counselors (Transportation being cancelled, etc.).
5. The maximum time frame for day care arrangements will be three days from the date the referral is assigned to the day care counselor except when vendor slots are available then allow a week. Emergency referrals will be done that day, if possible.
6. Please do not make any arrangements with the day care facilities or the parent regarding vacancies or placement. Day Care Unit will make all the arrangements regarding day care. Our intent is to use the best program available, giving consideration to the transportation needs. Distance home to center, time care is needed, and special problems. When day care arrangements have been finalized the CPS Counselor will be notified.

Counselor's Signature

(Ext. No.)

Supervisor's Signature

Date

NOTE: Example of form used by caseworkers to authorize daycare services.

Revised (4/86)

Tennessee Department of Human Services
PURCHASE OF SERVICES
AUTHORIZATION AND REQUEST FOR SERVICES

1. TO: Cherokee Child Care and Family Serv. 2. FROM: Shelby-Dept. of Human Services
Provider Agency County Office
3. Case Name _____ 4. Case Number _____
5. Primary client/s Authorized for Service _____
6. P.S.—Others to receive service in behalf of primary client _____

Relationship to Client _____

7. Address _____ 8. Phone Number _____

9. Eligibility Category WRI ☒ IE ☐

IM _____ ☐ AFDC ☐ RCA ☐ SSI ☐ Medicaid Only

10. SSBG Goal (check one) ☐ Self Support ☐ Self Sufficiency

☒ Preventing Abuse or Neglect ☐ Community Based Care

☐ Institutional Care

11. Services Authorized and Requested through SSBG

☐ Adoption Services

☐ Homemaker

☐ Child Development Services

☐ P.S. Homemaker

☒ Day Care

☐ Parenting and Placement

☐ Adult(s) ☒ Child(ren)

☐ Protective Services

☒ Full Time ☐ Part Time

☐ Adults ☐ Child(ren)

P.S. Components Authorized:

☐ Foster Care

Primary Client D&E ☐ Counseling ☐

☐ Residential Treatment

Other D&E ☐ Counseling ☐

☐ Transportation

☐ Escort

☐ Emergency Shelter for _____ days

12. Authorized: Effective _____ Redetermination Due _____

13. Services through the Department of Human Service or Other Agency:

Service

Agency

Day Care

14. Evelyn Hester
County Broker/Parent Counselor in Foster Care Cases

15. _____
Date